

Session 2023-24 Sample

Q-24\*



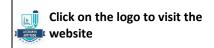
## PARTNERS' CAPITAL ACCOUNTS

Dr. Cr.

Particulars	L	M	N	Particulars	L	M	N
Def. Rev. Exp. A/c	20,000	20,000	30,000	Balance b/d	6,25,000	4,00,000	5,25,000
Investments A/c	-	50,000	-	Revaluation A/c	30,000	30,000	45,000
M's Capital A/c	64,000	-	96,000	L's Capital A/c	-	64,000	-
M's Loan A/c	-	5,20,000	-	N's Capital A/c	-	96,000	-
Balance c/d	12,80,000	-	19,20,000	Bank A/c	7,09,000	-	14,76,000
Total	13,64,000	5,90,000	20,46,000	Total	13,64,000	5,90,000	20,46,000

## BALANCE SHEET OF RECONSTITUTED FIRM AS AT MARCH 31,2023

Liabilities		Amount (Rs.)	Assets		Amount (Rs.)
Creditors		80,000	Land and Building		7,40,000
Bank Overdraft		22,000	Machinery		2,25,000
Long term debts		2,00,000	Furniture		3,50,000
Capital A/Cs:		WELLIG	Investments		50,000
L's Capital A/c	12,80,000		Stock		3,00,000
N's Capital A/c	19,20,000	32,00,000	Debtors	2,00,000	
Employees provident fund		38,000	Less: Provisions	(10,000)	1,90,000
M's Loan A/c		5,20,000	Bank		22,05,000
		40,60,000			40,60,000



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## **Working Note**

Existing Profit-Sharing ratio = 2:2:3

Gaining Ratio of L & N = 2:3

Firm's Goodwill = 5,60,000

M's (retiring partner's) goodwill compensation =  $5,60,000 \times 2/7 = 1,60,000$ 

L's share in goodwill compensation =  $1,60,000 \times 2/5 = 64,000$ 

N's share in goodwill compensation =  $1,60,000 \times 3/5 = 96,000$ 

Journal entry for goodwill

Particulars		Debit	Credit	
L's Capital A/c	Dr.	64,000		
N's Capital A/c	Dr.	96,000		
To M's Capital A/c		COLLEGE	64,000	
To M's Capital A/c	/ <u>+</u> \		96,000	